Key Functions of Business Operations

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Abstract

Operations management is important. It is concerned with creating the services and products upon which we all depend. And all organizations produce some mixture of services and products, whether that organization is large or small, manufacturing or service, for profit or not for profit, public or private. Thankfully, most companies have now come to understand the importance of operations. This is because they have realized that effective operations management gives the potential to improve both efficiency and customer service simultaneously. But more than this, operations management is everywhere, it is not confined to the operations function. All managers, whether they are called Operations or Marketing or Human Resources or Finance, or whatever, manage processes and serve customers (internal or external). This makes, at least part of their activities ‘operations’. Operations management is also exciting. It is at the center of so many of the changes affecting the business world changes in customer preference, changes in supply networks brought about by internet-based technologies, changes in what we want to do at work, how we want to work, where we want to work, and so on.

Key Functions of Business Operations

Almost every firm, government agency, and other type of organization employ one or more financial managers. Historically, businesses have been founded by inventors, salespeople, and technically-oriented individuals who have superior skills in their field, but little expertise in financial management. Though these businesses may be successful, owners often lack answers to several important questions: Is the profit I get from my business as good as that which I could derive from investing in other things? Am I being compensated for the risk of being in business, and for the time and skills I am applying? Financial managers oversee the preparation of financial reports, direct investment activities, and implement cash management strategies. Managers also develop strategies and implement the long-term goals of their organization. All managers must understand the theory and principles of financial management because this knowledge will make them even more effective at their own specialized work. The two primary responsibilities of the financial manager are the treasurer and controller. The business's chief financial manager (treasurer) is responsible for the business's financial activities such as financial planning and fund raising, making capital expenditure decisions, managing cash, credit, the pension fund, and foreign exchange. The business's chief accountant (controller), is responsible for the firm's accounting activities such as corporate accounting, tax management, financial accounting, and cost accounting. The specific goals of financial management depend on the nature of the business because larger organizations have financial management or accounting with separate functions. There are internal as well as external pressures involving the roles and changes of the financial manager like too much detail or more demanding shareholders. Part of the reason for these pressures is the link between performance management and management behavior. Whenever management processes are designed to control performance through a plethora of targets, budgets, incentives, and measures, uninspired leaders or frustrated managers are not trusted to make financial decisions. Therefor it is left in the hands of the financial manager.

What is Operations Management? Operations management production of goods and services has been in existence since the evolution of civilized society, but here we limit our discussion to developments that led to the widespread production of consumer goods. Customers are the most obvious people who will be affected by any business. What the chapter goes on to call the five operations performance objectives apply primarily to this group of people. Prior to the development of markets for massive amounts of consumer goods, most production took place in the home or in small communities of artisans and craftsmen. Products were often handcrafted, unique, and made entirely by one person. Some people trace the development of the first factories to the textile industry in England. In preindustrial societies, people often prepared only enough goods for their families, along with a small excess to obtain items unavailable within the family (cottage industries). As land became scarce and people moved off farms and into cities, mercantilism and trade developed. This created a market for massive amounts of goods, like textiles, which previously had been produced from wool and linen available on the farm. They therefore centralized production by building factories this allowed for a much greater control over workers and production, a development that was soon to be lamented by those who saw the development of mass production factories as essentially exploitive of the poorest laborers. Employees will be generally better off if the company is prosperous; if only because they are more likely to be employed in the future. However operations responsibilities to employees go far beyond this. It includes the general working conditions which are determined by the way the operation has been designed.

Advertising/Marketing is the promotion of a business's products and services carried out primarily to drive up sales of the products and services. It is also done to build a brand identity and communicate changes in old products or introduce new product/services to the customers. Advertising has become an essential element of the corporate world and hence companies allot a considerable amount of resources towards their advertising budget. The goals of advertisers or marketers is as to increasing the sales of the product/service, creating and maintaining a brand identity or brand image, communicating a change in the existing product line, introduction of a new product or service, increasing the buzz value of the product or company, and of course to sway public opinion.

When taking a close look at advertising and the media, one could safely say that they are one in the same. In this modern age that we live in which is completely saturated with messages from the media that are put there to influence our wants, our desires, and our needs. One need not look far to see the presence advertising plays in all of our lives. Just turn on the television, radio, or take a look at all the billboards while you are driving; and one will be bombarded by influencing media. It's not just the commercials in between the programming, but the programming itself now. Maybe it's the can of Coca-Cola that the protagonist sets down at the end of a heartwarming speech, or that snickers bar you noticed someone eating in your favorite TV show. Maybe it's the products littering the female star of the show's bathroom. It is the unfortunate truth that we are much more influenced by advertising and media than we could even imagine. I personally can't watch television without getting hungry. It seems like no matter what channel I am watching, what time of day it is, or what the nature of the program I am watching, I always see many various commercials depicting slimming down, toning up, eating out, eating in, shopping, etc.

Production is the creation of good and services; being able to produce a superior product that will make money is a hit or miss for any company. Production relies a lot on supply and demand, as need becomes greater production goes up. Same rules apply if the needs become less production of that product goes down, but with that it can also cause over stock and then companies have to find ways to get rid of the extras. That's when you may see a lot of price reduction sales, half off, or two for one. As times change it seems some companies have found ways to try reduce overstock and possible going out of business; by asking their customers to participate in surveys w/ incentives, or customer appreciation sales etc. It is still taking a chance when you produce a product but the opinion of the consumer helps the company know if they should make it better, keep it the same, or discontinue before they get too far in the game. The biggest example is cell phone companies, they produce cell phones by the thousands every month but with every new phone the first batch is always the experimental batch. With enough input from the public they know what to change or keep.

References

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